

Message Text

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ORIGIN EA-06

INFO OCT-01 SS-14 ISO-00 EB-03 PM-03 NSC-05 NSCE-00 SNM-02

PRS-01 H-01 SP-02 /038 R

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----- 018875

R 240057Z JAN 75

FM SECSTATE WASHDC

TO AMEMBASSY MANILA

S E C R E T STATE 016915

LIMDIS

E.O. 11652: XGDS - III, DECLASS DEC. 31, 1984

TAGS: PFOR, RP

SUBJECT: PARA, SECTION II

REF: MANILA 15172

1. TO SIMPLIFY CONSIDERATION, WE ARE REPEATING BELOW THE COMPLETE SECTION II TEXT, AS NOW UNDERSTOOD BY US, BASED UPON CONSIDERATION OF REFTEL AND PREVIOUS COMMUNICATIONS:

A. MARCOS ADMINISTRATION. CONTINUE TO DEAL WITH THE MARCOS ADMINISTRATION AS THE EFFECTIVE GOVERNMENT OF THE PHILIPPINES. ASSUMING THAT THE MARCOS ADMINISTRATION WILL CONTINUE TO BE THE EFFECTIVE GOVERNMENT, AND GIVEN THE U.S. INTERESTS IN IMPROVED LONG-TERM STABILITY IN THE PHILIPPINES, THE U.S. GOVERNMENT WILL

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CONTINUE SECURITY AND ECONOMIC ASSISTANCE TO THE PHILIP-

PINES, ON THE BASIS OF CONTINUED COOPERATION FROM THE MARCOS ADMINISTRATION IN PURSUIT OF FUNDAMENTAL U.S. INTERESTS IN THE PHILIPPINES AND OF IMPLEMENTATION BY THE MARCOS ADMINISTRATION OF MEASURES AIMED AT LONG-TERM STABILITY FOR THE PHILIPPINES.

B. FOREIGN AFFAIRS. ENCOURAGE AS MAY BE APPROPRIATE CONTINUED PHILIPPINE EFFORTS TO STRENGTHEN RELATIONS WITHIN THE REGION. WHILE AVOIDING DIRECT INITIATIVE IN

ASEAN, BE PREPARED TO RESPOND TO REQUESTS FROM ASEAN TO CONSULT WITH US OR TO WORK TOGETHER ON VARIOUS PROBLEMS OF MUTUAL INTEREST. CONTINUE NEUTRAL POSTURE TOWARDS PHILIPPINE NORMALIZATION OF RELATIONS WITH THE PRC AND THE SOVIET UNION, BUT ENCOURAGE THE PHILIPPINES WHEREVER APPROPRIATE TO MAINTAIN ECONOMIC AND CULTURAL TIES WITH TAIWAN.

C. TERRITORIAL INTERESTS. AVOID ANY IMPLIED OBLIGATION TO SUPPORT PHILIPPINE CLAIMS TO OR FORCES DISPOSED IN THE SPRATLEY ISLANDS. AVOID INVOLVEMENT IN THE SABAH PROBLEM. WITH REGARD TO PHILIPPINE ARCHIPELAGO CLAIMS, ATTEMPT TO SECURE GOP AGREEMENT, ON THE BASIS OF AN OBJECTIVE DEFINITION OF THE ARCHIPELAGO CONCEPT, TO REASONABLE TRANSIT ARRANGEMENTS WITHIN THE ARCHIPELAGO AND SUPPORT FOR UNIMPEDED PASSAGE OF INTERNATIONAL STRAITS, PREFERABLY WITHIN THE FRAMEWORK OF AN OVERALL ACCORD ON THE LAW OF THE SEA.

D. MILITARY ASSISTANCE. ENDEAVOR TO AVOID ESTABLISHMENT OF DIRECT LINKAGE BETWEEN U.S. MILITARY ASSISTANCE AND CONTINUED EFFECTIVE ACCESS TO U.S. MILITARY BASES IN THE PHILIPPINES. MILITARY ASSISTANCE SHOULD BE PROVIDED, HOWEVER, IN AN AMOUNT WHICH, IN CONJUNCTION WITH OTHER U.S. PROGRAMS INCLUDING OTHER FORMS OF ASSISTANCE, WILL ASSURE THE DESIRED CONTINUED EFFECTIVE ACCESS TO THE BASES. IN THIS CONTEXT, MILITARY ASSISTANCE SHOULD BE PLANNED AND REQUESTED IN THE AMOUNT OF \$20-25 MILLION ANNUALLY. ATTEMPTS SHOULD BE MADE TO IDENTIFY AND PROGRAM FMS CREDIT SALES AT HIGHER

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LEVELS THAN FOR PREVIOUS YEARS.

E. MUSLIMS. SEEK TO MINIMIZE U.S. IDENTIFICATION WITH PHILIPPINE EFFORTS TO RESOLVE MUSLIM PROBLEM BY FORCE.

F. U.S. FORCES. MAINTAIN THE CREDIBILITY OF THE U.S. DEFENSE COMMITMENT, PRIMARILY BY KEEPING U.S. FORCES IN

THE PHILIPPINES AT A LEVEL ADEQUATE TO THIS END, ADVISING THE PHILIPPINES IN ADVANCE OF ANY SIGNIFICANT CHANGES IN U.S. FORCE LEVELS IN THE PHILIPPINES, AND BRIEFING THE PHILIPPINE GOVERNMENT ON A PERIODIC BASIS ON THE OUTLOOK FOR (AND OBJECTIVES OF) U.S. FORCE LEVELS IN ASIA GENERALLY.

G. MILITARY BASES AGREEMENT. CONSIDER CHANGES IN THE MILITARY BASES AGREEMENT PROPOSED BY THE PHILIPPINE GOVERNMENT. IN ANY RESULTING NEGOTIATIONS, REMAIN

FLEXIBLE ON NON-ESSENTIAL ASPECTS OF OUR BASE ARRANGEMENTS IN ORDER TO ATTENUATE NATIONALISTIC PRESSURES AGAINST OUR BASES AND INSTALLATIONS.

H. ECONOMIC NEGOTIATIONS. CONTINUE EFFORTS TO NEGOTIATE A BILATERAL AGREEMENT ON INVESTMENT AND TRADE WITH THE PHILIPPINES. THAT AGREEMENT SHOULD PROVIDE AMERICAN INVESTORS AND TRADERS WITH THE MAXIMUM FEASIBLE MEASURES OF NON-DISCRIMINATORY TREATMENT AND ACCESS, ON MFN BASIS, TO PHILIPPINE MARKETS, COMMENSURATE WITH MAINTENANCE OVER THE LONG TERM OF A FAVORABLE BASIS FOR BILATERAL TRADE AND INVESTMENT RELATIONS. WE RECOGNIZE THAT PHILIPPINE CONCESSIONS ON U.S. INVESTMENT INTERESTS ARE LIKELY TO REQUIRE CONCESSIONS IN THE TRADE SPHERE; ACCORDINGLY THE AGREEMENT MAY FURTHER PROVIDE

TARIFFS ON SELECTED COMMODITIES OF PARTICULAR INTEREST TO THE PHILIPPINES IN EXCHANGE FOR SOME DEGREE OF RECIPROCITY FROM THE PHILIPPINES ON COMMODITIES OF INTEREST TO THE U.S. IN THE NEGOTIATIONS WE SHOULD AVOID ANY INDICATION OF LINKAGE BETWEEN ECONOMIC ISSUES AND THE MILITARY BASES.

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I. TAXATION TREATY. CONTINUE EFFORTS TO RENEGOTIATE THE UNRATIFIED TAXATION CONVENTION, AS REQUESTED BY THE PHILIPPINE GOVERNMENT.

J. LAUREL-LANGLEY TRANSITION. ENCOURAGE U.S. BUSINESSMEN IN THE PHILIPPINES TO WORK OUT PROBLEMS OF TRANSITION IN THE POST LAUREL-LANGLEY ERA DIRECTLY IN ACCORDANCE WITH PHILIPPINE LAW AND PRACTICE, AND IN DIALOGUE WITH THE PHILIPPINE GOVERNMENT. USG PARTICIPATION IN THE PROCESS SHOULD FOCUS MAINLY ON FINDING SOLUTIONS WHICH ARE IN LINE WITH OVERALL ECONOMIC TREATY EXPECTATIONS AND WHICH AVOID POSSIBLE CHARGES OF OR POTENTIAL FOR EXPROPRIATION OR DISCRIMINATION.

K. ECONOMIC ASSISTANCE. MAINTAIN U.S. ECONOMIC ASSISTANCE TO THE PHILIPPINES AT APPROXIMATELY THE CURRENT LEVEL.

L. CONSULTATIVE GROUP. CONTINUE REFINEMENT OF CONSENSUS IN THE PHILIPPINE CONSULTATIVE GROUP, ON PRIORITIES, GOALS AND INPUTS FOR A REALISTIC ECONOMIC DEVELOPMENT PROGRAM.

M. NARCOTICS. MAINTAIN COOPERATION WITH THE PHILIPPINES IN KEEPING INTERNATIONAL NARCOTICS TRAFFIC UNDER CONTROL, AND EXTEND LIMITED ASSISTANCE TO THE PHILIPPINES TOWARD THIS END.

2. WE HAVE A FEW ADDITIONAL COMMENTS RELATING DIRECTLY TO POINTS ON WHICH THE LANGUAGE ABOVE DOES NOT FULLY ACCOMMODATE EMBASSY'S VIEWS AS EXPRESSED REFTEL:

A. REGARDING PARA 2: WE ACCEPT THE EMBASSY'S VIEW THAT ACTIVE ENCOURAGEMENT OF CLOSER PHILIPPINE-JAPANESE RELATIONS MAY NOT BE A VIABLE OBJECTIVE AT THIS TIME. HOWEVER, WE REMAIN EXTREMELY RELUCTANT TO ADOPT LANGUAGE WHICH MIGHT SEEM TO COMMIT US TO SEMI-AUTOMATIC SUPPORT OF PHILIPPINE REGIONAL INITIATIVES, OR TO PRECLUDE INITIATIVES OF OUR OWN DURING THE COMING TWO YEARS.

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ON SOME POINTS IT SEEMS INEVITABLE THAT PARA LANGUAGE WILL DEPART FROM PHILIPPINE PERCEPTIONS, SINCE THE DOCUMENT IS INTENDED TO REFLECT U.S., NOT PHILIPPINE, POLICY.

B. WE ACCEPT EMBASSY'S JUDGEMENT THAT IN RECENT MONTHS THERE HAS BEEN AN INCREASED PHILIPPINE SENSE OF U.S. INVOLVEMENT IN ACTIONS AGAINST THE MUSLIMS, BUT FIND THIS A DISTURBING PHENOMENA. WE HOPE THAT THIS DEVELOPMENT CAN BE ARRESTED OR REVERSED, AND THAT THERE WILL BE EXTENSIVE TREATMENT OF OPTIONS TO THIS END IN REMAINDER OF PAPER. QUITE APART FROM THE PARA EXERCISE, WE WOULD APPRECIATE A FULLER REPORT ON HOW PHILIPPINE SENSE OF U.S. INVOLVEMENT MAY HAVE COME TO INCREASE.

C. WE CANNOT ACCEPT INSERTION OF TERM "FORMALIZING" IN PARAGRAPH ON MILITARY ASSISTANCE (PARA 1 D) ADDITION OF THIS TERM RISKS OVER-INTERPRETATION TO EFFECT THAT, EXCEPT FOR BEING PUT IN FORMAL FORM, DIRECT LINKAGE BETWEEN GRANT MAP AND BASE ACCESS IS COMPLETELY ACCOMPLISHED FACT. REVISION OF PRESENT LANGUAGE WOULD REQUIRE BASIC REVIEW, SINCE ORIGINAL LANGUAGE WAS APPROVED AT HIGH LEVEL TWO

YEARS AGO.

3. ASSUME EMBASSY NOW IN A POSITION TO PROCEED WITH
REMAINDER OF PARA, ON BASIS ABOVE LANGUAGE WHICH HAS BEEN
APPROVED IN ACCORDANCE WITH A-7706.

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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLITICAL STABILITY, NATIONAL SECURITY, MILITARY ASSISTANCE PROGRAMS
Control Number: n/a
Copy: SINGLE
Draft Date: 24 JAN 1975
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ElyME
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE016915
Document Source: CORE
Document Unique ID: 00
Drafter: EHULE RWILLNER
Enclosure: n/a
Executive Order: X3 19841231
Errors: N/A
Film Number: D750026-1168
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750122/aaaaatgm.tel
Line Count: 230
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EA
Original Classification: SECRET
Original Handling Restrictions: LIMDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: SECRET
Previous Handling Restrictions: LIMDIS
Reference: 75 MANILA 15172
Review Action: RELEASED, APPROVED
Review Authority: ElyME
Review Comment: n/a
Review Content Flags:
Review Date: 22 JUL 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <22 JUL 2003 by ShawDG>; APPROVED <19 NOV 2003 by ElyME>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PARA, SECTION II
TAGS: PFOR, RP, US
To: MANILA
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006